

## Message Text

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ACTION TRSE-00

INFO OCT-01 EA-10 ISO-00 CIAE-00 PM-05 H-01 INR-10  
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11  
AID-05 COME-00 EB-08 FRB-03 XMB-02 OPIC-03 LAB-04  
SIL-01 OMB-01 STR-07 CEA-01 NEA-11 IO-13 HA-05  
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R 190329Z MAY 78

FM AMEMBASSY MANILA  
TO SECSTATE WASHDC 5968

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USADB

FOR NAC AGENCIES

EO 11652:N/A

TAGS:EAID, EFIN, SHUM, ADB

SUBJECT: ADVANCED INFORMATION ON PROJECTS FOR HUMAN  
RIGHTS CONSIDERATION

IN ORDER TO PROVIDE WASHINGTON WITH AS MUCH TIME AS  
POSSIBLE TO CONSIDER HUMAN RIGHTS ASPECTS OF ADB PROJECTS,  
WE ARE SUBMITTING INFORMATION ON THE FOLLOWING PROJECTS  
THAT ARE TENTATIVELY SCHEDULED FOR BOARD CONSIDERATION  
IN JULY.

### 1. ASHUGANJ FERTILIZER PROJECT COST OVERRUN (BANGLADESH)

A. PROJECT: THE PROJECT IS TO ESTABLISH A COMPLETE AND  
INTEGRATED AMMONIA/UREA FERTILIZER COMPLEX OF ASHUGANJ ON  
THE EASTERN BANK OF THE MEGHNA RIVER IN THE DISTRICT OF  
COMILLA IN BANGLADESH. THE PROJECT INVOLVES THE  
FOLLOWING MAJOR COMPONENTS: (I) ACQUISITION AND  
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DEVELOPMENT OF THE PLANT SITE AT ASHUGANJ; (II) DESIGN,  
ENGINEERING AND CONSTRUCTION OF A 925 TONS PER DAY (TPD)  
AMMONIA PLANT; (III) DESIGN, ENGINEERING AND CONSTRUCTION  
OF A 1,600 TPD UREA PLANT; (IV) CONSTRUCTION OF UTILITIES  
AND SUPPORTING FACILITIES TO SERVE THE AMMONIA AND UREA  
PLANTS; (V) CONSTRUCTION OF OFFICE AND PLANT BUILDINGS  
AND A STAFF HOUSING COLONY OR PERSONNEL TO BE EMPLOYED

IN THE MANAGEMENT AND OPERATION OF THE PROJECT;  
(VI) PROVISION OF THE SERVICES OF A TEAM OF TECHNICAL  
ADVISORS TO ASSIST AND ADVISE ON CONSTRUCTION AND START-UP  
OF THE PROJECT; (VII) PROVISION OF A TEAM OF MANAGEMENT  
ADVISORS TO ASSIST AND ADVISE ON INITIAL MANAGEMENT AND  
OPERATION OF THE PROJECT; AND (VIII) PROVISION OF  
TRAINING TO TECHNICAL PERSONNEL OF THE EXECUTING AGENCY.

B. COST: US 338.7 MILLION DOLLARS BROKEN DOWN INTO  
US 188.2 MILLION DOLLARS IN FOREIGN CURRENCY AND  
US 150.5 MILLION DOLLARS IN LOCAL CURRENCY. COST OVERRUN  
IN FOREIGN CURRENCY: US 45.9 MILLION DOLLARS. THE BANK  
PROPOSES TO LEND ABOUT US 10.0 MILLION DOLLARS EQUIVALENT  
SPECIAL FUNDS RESOURCES. OTHER SOURCES OF FINANCE  
INCLUDE: IDA, USAID, KFW (GERMANY), ODM (UK), AND  
SWITZERLAND TO SHARE THE BALANCE OF THE FOREIGN COST  
OVERRUN. THE LOCAL CURRENCY PORTION TO BE FINANCED BY  
THE GOVERNMENT OF BANGLADESH.

C. BENEFITS: THE PROJECT IS ESTIMATED TO EMPLOY ABOUT  
1,200 PERSONS. OF THESE, SOME 525 WILL BE KEY TECHNICAL,  
MAINTENANCE AND OPERATIONAL PERSONNEL ENGAGED IN AMMONIA  
PRODUCTION (116), UREA PRODUCTION (112), THE MAINTENANCE  
DEPARTMENT (260), AND THE LABORATORY (37). AN AVERAGE OF  
2,200 LOCAL CONSTRUCTION WORKERS ARE EXPECTED TO BE  
EMPLOYED DURING CONSTRUCTION OF THE PLANT. INDIRECT  
EMPLOYMENT, HOWEVER, WILL BE MUCH MORE SUBSTANTIAL AS  
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ADDITIONAL PERSONNEL WILL BE NEEDED FOR TRANSPORTATION,  
STORAGE AND DISTRIBUTION OF THE INCREASED FERTILIZER  
QUANTITIES RESULTING FROM SUBSTANTIALLY IMPROVED AND  
SUSTAINED DOMESTIC AVAILABILITY ACHIEVED BY THE PROJECT.  
ONE OF THE MAIN POLICY MEASURES OF THE GOVERNMENT OF  
BANGLADESH IS TO ACHIEVE SELF-SUFFICIENCY IN FOOD GRAINS.  
THE PROJECT WILL HELP INCREASE THE AVAILABILITY OF  
NITROGENOUS FERTILIZER AT REASONABLE PRICES TO THE  
COUNTRY, AND THEREBY REDUCE THE COUNTRY'S DEPENDENCE ON  
RELATIVELY COSTLY IMPORTS OF THAT COMMODITY. THIS IN TURN  
SHOULD RESULT IN LOWER PRICES OF NITROGENOUS FERTILIZER TO  
FARMERS AND HELP PROMOTE INCREASED FERTILIZER APPLICATION  
TO BOOST FOOD PRODUCTION, SELF-SUFFICIENCY IN FOODGRAINS  
WILL IMPROVE THE FOREIGN EXCHANGE POSITION OF BANGLADESH  
AND EXPAND ITS CAPACITY FOR IMPORTS OF ESSENTIAL CAPITAL  
GOODS AND TECHNOLOGY.

2. SENIOR TECHNICAL SCHOOLS PROJECT (STM PROJECT,  
INDONESIA)

A. PROJECT: THE PROJECT INVOLVES THE UPGRADING OF 17  
STMS AND THE DEVELOPMENT OF A SUPPORTING TEACHER TRAINING

UPGRADING CENTER (TTUC) THE FORMER WITH A TOTAL STUDENT CAPACITY OF ABOUT 18,000 PUPILS WITHIN THE 16-18 YEARS AGE RANGE. PROJECT COMPONENTS MAY BE CONSIDERED UNDER TWO MAIN HEADINGS: (I) SUPPORT OF THE PHYSICAL DEVELOPMENT OF THE STMS AND TTUC; AND (II) TECHNICAL SERVICES FOR EDUCATIONAL PLANNING, COURSE DEVELOPMENT, CURRICULUM UPGRADING, TEACHER TRAINING, ETC.

B. COST: 41.0 MILLION DOLLARS BROKEN DOWN INTO: 19.0 MILLION DOLLARS IN FOREIGN CURRENCY; AND (B) 22.0 MILLION DOLLARS IN LOCAL CURRENCY COST. THE BANK PROPOSES TO LEND 19.0 MILLION DOLLARS EQUIVALENT FROM ORDINARY CAPITAL RESOURCES.

C. BENEFITS: THE PROJECT WILL PROVIDE THE OPPORTUNITY  
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ACTION TRSE-00

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FOR YOUTH THROUGHOUT INDONESIA TO GAIN BROAD-BASED SKILLS COUPLED WITH A KNOWLEDGE OF BASIC TECHNOLOGY SUFFICIENT TO ALLOW A GOOD OPPORTUNITY OF GAINFUL EMPLOYMENT IN A WIDE RANGE OF OCCUPATIONS IN BOTH THE INDUSTRIAL AND THE COMMERCIAL FIELDS. PREVIOUSLY, THIS TYPE OF EDUCATION WAS AVAILABLE ONLY TO PUPILS RESIDING IN THE LARGER URBAN AREAS AND THUS MANY YOUNG PEOPLE WITH TECHNICAL

ASPIRATIONS AND APTITUDES WERE DENIED THE POSSIBILITY OF SELF-FULFILLMENT AND ADVANCEMENT.

3. FORESTRY AND FOREST INDUSTRIES DEVELOPMENT (LAOS)

A. PROJECT: THE PROJECT INVOLVES RE-HABILITATION OF AN EXISTING PLYWOOD MILL, COMPLETION OF A PRODUCTION LINE FOR SLICED VENEER, PROVISION OF A NEW SAWMILL WITHIN THE SAME INDUSTRY COMPOUND, ROAD CONSTRUCTION AND LOGGING, THE UTILIZATION OF WOOD RESIDUES, PLANT AND MACHINE MAINTENANCE, REFORESTATION AND CONSULTANT SERVICES.

B. COST: THE TOTAL COST OF THE PROJECT - INCLUDING LABOR AND OPERATING COSTS DURING THE FIRST FIVE YEARS - IS ESTIMATED AT US 25.8 MILLION DOLLARS OF WHICH US 10.8 LIMITED OFFICIAL USE

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MILLION DOLLARS IS FOREIGN EXCHANGE.

C. BENEFITS: THE PROJECT WILL EARN SOME US 6.3 MILLION DOLLARS/YEAR IN AVERAGE OVER THE FIVE YEAR PERIOD IN FOREIGN CURRENCY WHICH IS A CONSIDERABLE CONTRIBUTION IN THE LAOTIAN CONTEXT. BY THE FIFTH YEAR 930 PEOPLE WILL BE DIRECTLY EMPLOYED ON PERMANENT BASIS. WITH REFERENCE TO BENEFICIARIES THE PROJECT SHOULD BE VIEWED AGAINST THE BACKGROUND OF A PRONOUNCED GOVERNMENT POLICY OF INCREASING THE LIVING STANDARD OF THE PEOPLE, FIRSTLY THROUGH INCREASED AGRICULTURE PRODUCTION AND SECONDLY THROUGH INCREASED EXPORTS FROM THE FORESTRY AND FOREST INDUSTRIES SECTOR.

4. D.G. KHAN CEMENT PROJECT (PAKISTAN)

A. PROJECT: THE PROJECT INVOLVES THE SETTING UP OF A CEMENT PLANT WITH AN INSTALLED CAPACITY OF 600,000 METRIC TONS OF ORDINARY PORTLAND CEMENT PER ANNUM. THE PROJECT COMPONENTS INCLUDE: (A) RAW MATERIAL TRANSPORT SYSTEM; (B) MINING AND QUARRYING EQUIPMENT AND FACILITIES; (C) CEMENT PLANT MACHINERY AND EQUIPMENT COMPLETE WITH ALL ANCILLARIES AND FACILITIES SUCH AS STAND-BY POWER GENERATORS, ELECTRICAL DISTRIBUTION AND LIGHTING SYSTEM, WATER AND GAS SUPPLY SYSTEMS, LABORATORY FACILITIES AND MAINTENANCE SHOPS; (D) STAFF HOUSING AND OTHER FACILITIES FOR QUARRY AND CEMENT PLANT PERSONNEL; (E) PROFESSIONAL SERVICES INCLUDING DESIGN AND ENGINEERING SERVICES, AND CONSULTANTS SERVICES; AND (F) TRAINING OF STAFF ABROAD.

B. COST: 107 MILLION DOLLARS BROKEN DOWN INTO: (1) 51.5 MILLION DOLLARS IN FOREIGN CURRENCY COSTS; AND (2) 55.5 MILLION DOLLARS IN LOCAL CURRENCY COSTS. THE BANK

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PROPOSES TO LEND 51.5 MILLION DOLLARS EQUIVALENT FROM THE BANK'S ORDINARY CAPITAL RESOURCES.

C. BENEFITS: THE PROJECT WILL GENERATE DIRECT EMPLOYMENT FOR A WORK FORCE OF APPROXIMATELY 2,000 DURING CONSTRUCTION AND A WORK FORCE OF 500 FOR OPERATING THE PLANT DURING THE ECONOMIC LIFE SPAN OF 15 YEARS. ON THE BASIS OF ESTIMATED TOTAL ECONOMIC CAPITAL COSTS OF RS. 757.0 MILLION (US 76.5 MILLION DOLLARS) CAPITAL INTENSITY WILL AMOUNT TO 153,000 DOLLARS PER JOB. THIS IS COMPARATIVELY CAPITAL-INTENSIVE. HOWEVER, ADB STAFF APPLIED THE PRODUCT-PATH-ANALYSIS TECHNIQUE, IN ORDER TO DETERMINE THE SHARE OF LOW INCOME GROUPS IN THE END USE OF THE PRODUCT CEMENT. IN THE SPECIFIC CIRCUMSTANCES OF PAKISTAN, THE SHARE FOR PRIVATE HOUSING HAS BEEN CALCULATED AT 27 PERCENT AND THE TOTAL LOW INCOME GROUP SHARE FOR ALL CEMENT CONSUMING SECTORS AMOUNTS TO ALMOST 45 PERCENT. EDMOND

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## Message Attributes

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